

# Kentucky Agricultural Development Board

## *Minutes of the September Board Meeting*

The regular meeting of the Kentucky Agricultural Development Board was held on **Friday, September 20, 2002** at **2:15 p.m.**, at the University of Kentucky E.S. Goodbarn - Weldon Suite, Lexington. Commissioner Billy Ray Smith, presiding, called the meeting to order, and the Secretary called the roll.

### **Members Present**

Susan Harkins, Wayne Hunt, Sam Lawson, Smith Mitchell designee for Gene Strong, Sam Moore, Eddie Sellers, Mike Slaughter, Commissioner Billy Ray Smith, Dean Scott Smith

### **Members Absent**

Vickie Yates Brown, Daniel Case, Larry Clay, Seth Conner, Governor Paul E. Patton, Willa H. Poynter

### **Others Present**

**Staff** – David Bratcher, Penny Cline, Sandra Gardner (Board Secretary), John-Mark Hack (CEO), DeVon Hankins, Bruce Harper, Jeff Harper, Kara Keeton, Bill McCloskey, Jeff Mosley, Joel Neaveill, Angela Utterback, Steve Yates **Guests** – Janet James, Connie Gray, Sheila Keeling, Glenn Barrick, Sandra Ellington, Janet Patton, Robert M. Bach, Dr. Jack McAllister, Biff Baker, Sharon Burton, Dr. Sharon Franklin

### **Notification of Media**

Commissioner Smith received verification from John-Mark Hack that the media had received notice regarding the Agricultural Development Board meeting.

### **Welcome**

Commissioner Smith welcomed everyone to the meeting.

### **Approval of Minutes**

The minutes of the August 16, 2002 meeting were approved as presented.

### **Executive Director's Report**

John-Mark Hack welcomed everyone.

Mr. Hack recognized Gordon Duke for his hard work and presented him with a small token of appreciation from the Agricultural Development Board. Mr. Duke said a few words and thanked everyone.

Mr. Hack reviewed the agenda for the meeting.

Mr. Hack noted that, although there is a relatively short list of projects up for funding consideration, there are several other issues that require the Board's attention.

Mr. Hack updated the board of staff changes at the Governor's Office of Agricultural Policy.

First, he recognized Gene Royalty, former secretary of the Economic Development Cabinet and Executive Director of the Department of Agriculture's Division of Value-added Marketing and Product Promotion. Mr. Hack noted that Mr. Royalty joined the staff this week and will be working with David Bratcher on the revitalization of the Agricultural Finance Corporation Board and the development of innovative agricultural finance capital access programs. Mr. Hack yielded the floor to Mr. Royalty. Mr. Royalty said a few words about his new position and thanked Commissioner Smith for the opportunity to work with him.

Next, Mr. Hack noted that Rhodes Johnston resigned his position and his last day is September 30. Mr. Hack expressed his gratitude to Mr. Johnston's work on the Long-term Plan for Agricultural Development and wished him well in his other pursuits.

Mr. Hack announced that Kara Keeton has taken on the full-time responsibility for public relations and communications for the Governor's Office of Agricultural Policy. Ms. Keeton will be working to get the stories of this agricultural development effort into the public domain.

In light of the aforementioned changes, Mr. Hack noted the following program & project area adjustments among staff:

- Penny Cline is the new Project Analyst for the Wilderness Trail area.
- Jeff Harper is the new Project Analyst for the Licking River area.
- Steve Yates is the new Project Analyst for the Lake Cumberland area.
- Chauncey Morris is the new Program Manager for the *Cattle Genetics Improvement Program*.
- Bill McCloskey is the new Program Manager for the *Cattle Handling Facilities Program*.
- Angela Utterback is the new Program Manager for the *Goat Diversification Program*.

Mr. Hack noted what a pleasure it is to work with this staff. He also mentioned that Teresa Walden has filled the receptionist/administrative support position that has been vacant for several months. He pointed out that Ashley Swinson, a senior at Franklin County High School, is working at the office in the afternoons as her co-op work assignment.

Mr. Hack reviewed events & programs that the office has been involved in since the August Board meeting.

- State Fair exhibit – dozens of new contacts were made and many were informed of the work of this Board. Mr. Hack thanked Kara Keeton for coordinating that effort.

- Agricultural Innovation Centers public meeting – we are working with the University of Kentucky, the Office of the New Economy and other in developing an application for this USDA program.
- Research Triangle Park visit – Gordon Duke and Mr. Hack toured the North Carolina Biotechnology Center and the Raleigh Farmers Market to see what we could learn from their experience.
- SYSCO meeting – we coordinated a meeting between SYSCO representatives and representatives of the West Kentucky Growers Cooperative, the Purchase Area Aquaculture Cooperative, Green River Produce Cooperative, Cumberland Farm Products, the Kentucky Cattlemen's Association and the Kentucky Department of Agriculture to explore a pilot program in which SYSCO would work to procure Kentucky products.
- Thoroughbred Industry Leaders meeting – Mr. Hack convened a group that included breeders, farm managers, veterinarians, the state racing commission, the Thoroughbred Association, the Jockey Club and others to determine whether or not a study on the role of breeding soundness in the industry is necessary and to bring us their recommendations in the coming months.
- Field Days – Staff has participated in a number of field days in the past month, including the regional field days at Morehead State and Murray State universities.
- Speaking Engagements – Mr. Hack has had the opportunity to talk to several groups about the Board's work, including the Kentucky Industrial development Council and the Economic and Market Development Committee of Farm Bureau. Additionally, he will appear on 's Newsmakers program, which will air at 11:00 a.m. Saturday, September 21 on Lexington Channel 27.
- National Governor's Association Health & Agriculture forum – our office is co-hosting a meeting of 10 tobacco states. Health and agriculture representatives from government and the private sector will gather for a daylong meeting at the Seelbach to develop a report of best practice recommendations for the utilization of tobacco settlement resources in the areas of agricultural diversification and tobacco prevention.
- Public and Private Scientific, Academic and Consumer Food Policy committee – Mr. Hack has been invited to represent the Board at this Harvard Business School meeting to update the group on our efforts.
- Kentucky Opportunity Marketplace (KOM) - Look forward to regional version of the KOM in Eastern KY. Also, the first annual meeting for the Agricultural Development Board & County Councils will occur during the statewide KOM in March 2003.

Mr. Hack noted that Jeff Harper prepared a summary of livestock expo center proposals for the Board's information. *(A copy of this summary is on file with the Secretary.)*

Mr. Hack presented the new *Project Application Packet* and asked the Board to provide any feedback in the next week or so. He noted that the web version will have the application and instructions separated. Ms. Harkins asked about a pre-application. Mr. Hack noted that rather than a form, staff would ask applicants to send in a short summary or "concept paper" for comment before actually applying. Ms. Harkins asked how this method would be advertised. Mr. Hack noted that we will get the word out *via* the website, our various newsletters and word of mouth.

Mr. Hack yielded the floor to David Bratcher to discuss recommendations from the wine study. Mr. Bratcher presented the board with recommendations made by the Kentucky Vineyard Society (KVS) regarding the wine study.

The two primary issues are 1) providing the linkages between the growers in the state and the wineries and 2) appointment of the Kentucky Grape and Wine Council. Mr. Bratcher reviewed the specific items listed in the proposed "Kentucky

Wine Industry Policy Statement.” *(A copy of this proposed policy statement is on file with the Secretary.)*

Mr. Bratcher opened the floor for comments and questions.

Dean Scott Smith asked for clarification of the viticulturalist position. Dean Smith noted that there had been a state funded viticulturalist position that had little impact or success. Dean Smith asked where the proposed position would be located and who would administer the position; is this intended to be an extension specialist position? Mr. Bratcher responded that no recommendation had been made; the Vineyard Society thought that discussion should occur, noting that the study mentions that the position should be at the Land Grant University and part of the extension service. Also, a national search for the person should occur. Dean Smith noted his support to this position and commented that it would be a mistake to do otherwise for a wide variety of reasons.

Dean Smith asked about why the viticulturalist position is emphasized over the oenologist position. Mr. Bratcher responded that the KVS folks thought the first emphasis should be on the production of grapes. It was noted during the KVS meeting that the production of wine does not start in the winery; it starts in the vineyard. This was not a slight to the recommendation, but more of a consideration to the fiscal issue.

Dean Smith noted that a demonstration facility is a large capital & human resource outlay and asked if we were expecting a proposal for such a facility to be submitted. Mr. Bratcher noted several options mentioned by KVS.

Commissioner Smith noted that he supported the concept. Commissioner Smith wondered what effort is being made by current groups in the industry. Dean Smith noted that the primary fieldwork on grapes has been done at Princeton, but most of the viticultural work has been here [Lexington] in horticultural plant pathology. Commissioner Smith asked Dean Smith where he envisioned the viticulturalist would be based. Dean Smith noted that Lexington would be the best, though the grapes are in Princeton. However, this position would likely involve a lot of fieldwork.

Susan Harkins drew a parallel to the bee industry in Kentucky. Mr. Bratcher noted that the Grape & Wine Council would be housed administratively in the Department of Agriculture.

Sam Lawson asked for clarification on the growers vs. wineries issue. He noted that the study suggested the growth trigger seems to be the wineries; therefore, he thought the education of the vitners would be a higher priority than worrying about production. He cautioned that we don't default to production; we need to develop the markets. Mr. Hack noted that the report indicated that, in order for the vines in the ground to reach a market (winery), the quality of those grapes needed to increase. The report also speaks to the need for the new Grape & Wine Council to begin a branding campaign. We don't want to encourage more grape production; rather, we want to improve the grapes that exist. Mr. Lawson commented that he would like to garner more money to do both, rather than have to choose between the two.

Commissioner Smith asked if we are assuming that the Agricultural Development Fund would support the viticulturalist position temporarily and then look to the General Fund. Mr. Bratcher said yes at first it would rely on the Agricultural Development Fund for support, and then General Fund line item would be sought in the next biennium.

Wayne Hunt noted his support for the grape audit and the need for the data it will provide.

Mr. Bratcher noted statutes related to where grapes are purchased relative to the type of winery.

A discussion of synergies, agri-tourism, and how the components of this industry fit together occurred; a holistic approach to the industry issues is desired.

Commissioner Smith addressed a concern of Mr. Hunt's regarding the viticulturalist that was housed at Murray State University.

Mr. Hack noted that the Board could take the recommendations home and make a decision at the next meeting or could make a decision at this time.

Ms. Harkins commented that the only thing she saw lacking was the mentoring piece. Mr. Bratcher addressed her concern.

Mr. Bratcher drew the Board's attention to items #2 & 3 under Winery Recommendations and asked if those items make up the lens through which current & future applications for wineries should be viewed.

Dean Smith noted that he thought the recommendations were on target and moved "to adopt the 'Kentucky Wine Industry Policy Statement' and direct staff to meet with KVS." Sam Lawson seconded the motion. Commissioner Smith opened the floor for further discussion.

Discussion

Mr. Hack pointed out the major policy change in this paper is the removal of cost-share for vines in the diversification program, and that issue would be revisited in the future.

Ms. Harkins asked about table grapes. Mr. Hack noted that the intent is exclusively to exclude wine grapes – table grapes will be untouched.

Commissioner Smith called the question. The motion passed without dissent.

Mr. Hack yielded the floor to DeVon Hankins to update the Board on the status of the various marketing studies.

Ms. Hankins updated the board on the status of the goat (meat & dairy) and aquaculture Request for Proposals (RFP).

Ms. Hankins noted that the regional marketing facility issue has been separated from the comprehensive study, since there are a variety of regional facility proposals in pending status. That RFP is currently being advertised through the finance website, the *Herald-Leader* and the *Courier Journal*, and direct notification to agricultural and non-agricultural marketing research firms. Mr. Hack noted that we are looking to see how cost-effective the regional marketing facility concept is and what kind of return on investment can be expected based on public market facilities established in other states.

Ms. Hankins noted that October 25 is the due date for the Regional Marketing Facility RFP.

Sam Moore asked how long it would take to receive the results from the studies (e.g. the meat goat study). Jeff Mosley answered that the length of time can be as long or short as we want, depending on what is expected from the study; once the “game plan” is outlined with the vendor, we are looking at no more than 120 days, but more than likely 60 – 90 days.

Ms. Hankins noted that the Comprehensive Marketing Study is still in draft status.

Ms. Hankins provided an update of the Biomass study. It is estimated that a final report will be available at end of October and should be ready to have a presentation at November board meeting.

Ms. Hankins provided an additional update to the SYSCO meeting Mr. Hack mentioned during his report.

Mr. Hack introduced the presenters for the Forage Improvement Programs presentations.

Janet James and Connie Gray [Caldwell County], Sheila Keeling [Todd County] and Glenn Barrick [Barren County] presented information on county planning, administration and monitoring of a model program, in this case Forage Improvement & Utilization.

Mr. Hunt asked if they had any other suggestions for the program. Ms. Keeling mentioned they would like to promote no-till, but it is hard to do without burn-down chemicals. Ms. Gray noted that pleased Timothy & Orchard Grass being added and received checks in timely manner. Mr. Barrick mentioned that fencing [rotational grazing] is needed, but it is the hardest part to control/administer.

Mr. Lawson made a personal comment that the Barren County Agricultural Development Council has excellent leadership.

Ms. Harkins asked on scale 1 – 10 how important the presenters thought the need for water line/pond development is. Ms. Gray noted that there are daily requests. Ms. Keeling thanked the Board for model programs; they received no applications at first, but with the programs producers jumped at the chance.

Commissioner Smith noted that he has discussed with staff a frequent request he has received for a model program for cash hay production.

Mr. Hack thanked Janet, Connie, Sheila and Glenn for driving all the way up here and sharing their experiences with the board.

### Referral of August Projects<sup>1</sup>

Mr. Hack presented projects A2002-0527 to A2002-0566 for referral to the Board's Project Review Committees. Mike Slaughter moved that "projects A2002-0527 to A2002-0566 be referred the Board's Project Review Committees;" Mr. Moore seconded the motion. The motion passed without dissent.

### Approval of Model Programs<sup>2</sup>

Mr. Hack submitted project A2002-0520 as a project meeting the model **Agricultural Diversification Program** guidelines. Mr. Hunt moved that it be approved as model Agricultural Diversification programs; Ms. Harkins seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0501, A2002-0511, A2002-0518, and A2002-0544 as projects meeting the model **Forage Improvement & Utilization Program** guidelines. Mr. Slaughter moved that projects same be approved as model Forage Improvement & Utilization Programs; Mr. Moore seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0503, A2002-0517, and A2002-0542 as projects meeting the model **Genetics Improvement Program** guidelines. Ms. Harkins moved that same be approved as a model Cattle Genetics Improvement Program; Dean Smith seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0434, A2002-0524, and A2002-0526 as projects meeting the model **Goat Diversification Program** guidelines. Ms. Harkins moved that projects same be approved as model Goat Diversification Programs; Mr. Hunt seconded the motion. The motion passed without dissent.

Mr. Hack submitted projects A2002-0502, A2002-0510, A2002-0512, A2002-0516, and A2002-0519 as projects meeting the model **Cattle Handling Facilities Program** guidelines. Mr. Moore moved that projects same be approved as model Cattle Handling Facilities Programs; Eddie Sellers seconded the motion. The motion passed without dissent.

### Amendment to Agricultural Diversification Program

Mr. Hack submitted an amendment to the Agricultural Diversification program. The amendment to the Small Animal Production Section, regarding sheep, is as follows:

3. *Cost-share (up to 50%) on the testing of breeding sheep for scrapies.*
  - i. *Producers must be enrolled in the USDA Scrapies Eradication Program*
  - ii. *Producers must submit all results to the State Veterinarian Office.*

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<sup>1</sup> A detailed list of the referred projects is attached as Appendix A.

<sup>2</sup> A detailed list of projects funded under each model program category is attached as Appendix B.

*\* All cost-share purchases [rams, semen, breeding stock] must be scrapies resistant.*

Ms. Harkins moved that the above amendment be made to the Agricultural Diversification Program. Mr. Slaughter seconded the motion. Commissioner Smith verified that there was no fee to enroll in the USDA program. The motion passed without dissent.

## Committee Reports

### Blue Project Review Committee

Smith Mitchell reported for the Blue Project Review Committee (PRC). Mr. Mitchell noted that the Blue PRC is presenting 1 project for funding consideration.

Mr. Mitchell presented application **A2002-0306**. The project received a high priority from Grant County. The applicant, **Willamstown School District**, requests \$32,275 in county Agricultural Development Funds. Funds are being requested to develop the county's agricultural education infrastructure through construction of an "alternative agriculture center," which would provide instruction and demonstration to both high school students enrolled in vocational agricultural curricula and adults participating in the model agricultural diversification program. Mr. Mitchell reviewed the terms and conditions for this project. Mr. Mitchell moved that project A2002-0306 be approved for \$32,275 in Grant County Agricultural Development Funds; Ms. Harkins seconded the motion. The motion passed without dissent.

### Red Project Review Committee

Sam Lawson reported for the Red Project Review Committee (PRC). Mr. Lawson noted that the Red PRC is presenting 7 projects for funding consideration.

Mr. Lawson presented application **A2001-0398**. The project received a high priority from Bath County. The applicant, **Bath County Agricultural Extension Foundation, Inc.**, requests \$300,000 in county Agricultural Development Funds. The applicant seeks to build the Bath Co. Agricultural Education and Marketing Center at the I-64/US-60 interchange in Owingsville. The Center will include a number of structures including a covered Farmers' Market with store front, certified commercial kitchen, meeting facilities, and a light processing unit. Mr. Lawson reviewed the terms and conditions for the project. Mr. Lawson moved that project A2001-0398 be approved for \$300,000 in Bath County Agricultural Development Funds; Mr. Slaughter seconded the motion.

### Discussion

Mr. Moore commented and Mr. Hack confirmed that the project has also received a \$450,000 USDA Rural Business Enterprise grant.

Ms. Harkins questioned how this project differ from what we are trying to look at with the feasibility study.



Mr. Hack responded that the major differences are 1) their acquisition of federal grant funds, 2) these are only the county funds; the state money they have requested remains in a pending status depending on the outcome of the feasibility study, and 3) the land deeded to them from the Transportation Cabinet.

Commissioner Smith called the question. The motion passed without dissent. Dean Smith abstained due to his relationship to Extension.

Mr. Lawson presented application **A2001-0758**. The applicant, **Dairy Value-Added LLC**, requests \$30,000 in KCADE funds. Dairy Value-added, LLC (DVA) will be a joint venture owned 51% by Bluegrass Dairy and Food Products LLC (BDF) and 49% by Kentucky Dairy Ventures (KDV), a farmer-owned entity being formed by members of the Kentucky Milk Producers Association (KMPA). The joint venture will consist of the development of a cheese manufacturing facility on the BDF property. The products will be focused in two market areas: 1) small packaged cheese (e.g. Swiss, Monterey Jack, etc.) & breed specific cheese; and 2) Conjugated Linoleic Acid (CLA) cheese. Farmer members of KDV will receive a premium estimated at \$2.00 per cwt for milk used in the non-CLA products and \$5.00 per cwt for CLA-enhanced milk. The cost-share money requested in this proposal will provide technical assistance in organizing the farmer-owned group to cover attorney and accountant fees. Mr. Lawson reviewed the terms and conditions for the project. Mr. Lawson moved that project A2001-0758 be approved for \$30,000 (or 50% of the study costs, whichever is less) in KCADE funds; Mr. Sellers seconded the motion. Commissioner Smith opened the floor for discussion.

#### Discussion

Mr. Hack drew the Board's attention to the last sentence of the project summary and noted that the money requested is for the Milk Producer's Association for the purpose of helping developing Kentucky Dairy Ventures. Mr. Hack noted that this is one of the intended purposes of the money set aside for the Center for Agricultural Development & Entrepreneurship.

Commissioner Smith commented on the need for this kind of project in light of the current dairy situation.

Dean Smith introduced Dr. Sharon Franklin, a nationally known researcher on CLA, and Dr. Jack McAllister noted that they have not only researched CLA, they have worked on developing CLA-based products.

Commissioner Smith called the question. The motion passed without dissent.

Mr. Lawson presented application **A2002-0175**. The project received a high priority from Hardin County. The applicant, **John Hardin High School Agriscience Department**, requests \$10,000 in county Agricultural Development Funds. Funds are requested for a greenhouse that will serve as an "agricultural science complex" for the study of horticulture, aquaculture, hydroponics, and other emerging technologies. The students have generated \$2,000 from fruit sales for their contribution to this project. Mr. Lawson moved that project A2002-0175 be approved for \$10,000 in Hardin County Agricultural Development Funds; Mr. Mitchell seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2002-0200**. The project received a high priority from Pulaski County. The applicant, **Triple T Greenhouse, Inc.**, requests \$74,500 in state Agricultural Development Funds. Funds are requested to develop and coordinate markets for fresh culinary herbs and specialty items in Kentucky and other states. Triple T Farms currently supplies the Wal-Mart distribution center in London through World Variety Produce (WVP). WVP is interested in having Triple T farms expand production to provide two additional distribution centers in the region with herbs and five new specialty crops beginning in 2003. Triple T Farms needs to contract with growers in the state to address the increased production demands of these new markets. The requested funds would allow Triple T Farms to supply new growers with transplants at a 20% discount. Triple T would also provide production education & technical support to new growers. The requested funds will also allow for the expansion of facilities to meet the demands of production increase and fulfill its new role as the collection point and marketing center for producers. Mr. Lawson reviewed the terms and conditions for this project. Mr. Lawson moved that project A2002-0200 be approved for \$74,500 in state Agricultural Development Funds; Ms. Harkins seconded the motion. Commissioner Smith opened the floor for discussion.

Discussion

Mr. Hunt commented that this is like a pilot project; there are a lot of empty greenhouses across this state and if something can be developed to use those greenhouses and possibly expand this type venture across the state.

Mr. Sellers asked about how the \$14,500 figure was reached. Kara Keeton and Mr. Hack explained.

Mr. Hack noted that the applicant has agreed to serve as the “clearing-house”/marketing contact for herbs produced out of the Agricultural Diversification Program that meet quality standards he has to deliver to his market.

Commissioner Smith called the question. The motion passed without dissent.

Mr. Lawson presented application **A2002-0432**. The applicant, **Shuckman's Restaurant Service, Inc.**, requests \$300,000 in state Agricultural Development Funds. Shuckman's has diligently worked to create a value-added market for Kentucky aquaculture products, most recently utilizing Kentucky catfish and shrimp. Shuckman's will contract with producers to pay a premium price for aquaculture products that meet quality standards necessary to ensure that a quality end product is produced. The demand for Shuckman's new products, Kentucky-raised smoked catfish and Kentucky-raised smoked shrimp, is growing. The forgivable loan will be used to purchase and update necessary equipment to meet the producers' supply and the market demand (locally, nationally, and internationally). Shuckman's will pay a 5% per pound fee over the current market price to Kentucky producers and an additional 5% “quality” fee. Mr. Lawson reviewed the terms and conditions for this project. Mr. Lawson moved that application A2002-0432 be approved for \$300,000 in state Agricultural Development Funds; Mr. Hunt seconded the motion. Commissioner Smith opened the floor for discussion.

Discussion

Mr. Moore asked for clarification on the condition regarding “payback” at the end of the 10 year term. Mr. Mosley clarified that it should read “...back to the producers and credited to the Board.”

Questions were raised about how the base/market price will be determined before any of the premiums are added.

Ms. Harkins pointed out that there was no mention of this facility being able to accommodate other producers. Is the applicant willing to do this, similar to Evans/Jackson Orchards projects? Ms. Harkins shared her concerns about this project.

Mr. Sellers asked how the applicant is establishing the prices. A discussion on how this price is being determined and what USDA price standards are applicable occurred.

Mr. Hunt noted that during Board Project Review Mr. Shuckman provided a list of his basis for price.

Ms. Keeton noted that Mr. Shuckman in prior discussions was open to the idea of working with producers, but that item was not addressed in this project.

Ms. Harkins moved to amend the conditions for this application to require that processing services be available for private labeling of a producer's aquaculture products based on equipment funded; price to be negotiated between the producer and the processor. Mr. Slaughter seconded the amendment. The amendment passed without dissent.

Commissioner Smith called the question on the main motion. The motion as amended passed without dissent.

Mr. Hack noted that staff will provide Board members the market data within the coming week, just so they have the information.

Mr. Lawson presented application **A2002-0523**. The project received a high priority from Marshall County. The applicant, **Marshall County Conservation District**, requests \$750 in county Agricultural Development Funds. The requested funds will help offset the cost of materials for the Home and Farm Safety Day for 5<sup>th</sup> graders in Marshall County. Mr. Lawson moved that project A2002-0523 be approved for \$740 in Marshall County Agricultural Development Funds. Mr. Mitchell seconded the motion. The motion passed without dissent.

Mr. Lawson presented application **A2002-0525**. The project received a high priority from Pulaski County. The applicant, **South-east Kentucky Agriculture Development**, requests \$2,750 of county Agricultural Development Funds. The requested funds are for one year of cost-share on the Farm Business Analysis Program. Mr. Lawson moved that project A2002-0523 be approved for \$2,750 of Pulaski County Agricultural Development Funds. Mr. Moore seconded the motion. Mr. Hack provided a point of clarification: though this type of cost-share is included in the Diversification Program,

Pulaski County developed vegetable and fruit cost-share programs that were precursors to the Agricultural Diversification Program; therefore, they do not have this component for cost-share. Commissioner Smith called the question. The motion passed without dissent.

## Review of Amendments

Mr. Hack presented the following amendments for approval:

Application **A2001-0601, Woodford County Agricultural Advancement Council, Inc.** was originally approved on November 30, 2001 for the Agricultural Diversification Program. The applicant requests an increase in the project funds by \$34,000. This amount is to be reallocated from A2001-0772. Approval of this request will amend funds allocated to this project to \$234,000. Mr. Hack moved that this amendment be approved; Mr. Moore seconded the motion. The motion passed without dissent.

Application **A2001-0772, Woodford County Beef Cattle Association, Inc.** was originally approved on December 21, 2001 for the Cattle Handling Facilities Program. The applicant requests a decrease in the project funds of \$34,000. This amount is to be reallocated to A2001-0601. Approval of this request will amend funds allocated to this project to \$200,000. Mr. Hack moved that this amendment be approved; Mr. Hunt seconded the motion. The motion passed without dissent.

Application **A2001-0750, South-Eastern Kentucky Agricultural Development Association**, was originally approved on December 21, 2001 for the Cattle Genetics Improvement Program for Rockcastle County. The applicant requests a decrease in the project funds of \$25,000. This amount is to be reallocated to A2002-0519. Approval of this request will amend funds allocated to this project to \$75,000. Mr. Hack moved that this amendment be approved; Mr. Mitchell seconded the motion. The motion passed without dissent.

Application **A2001-0288, Green River Area Beef Improvement Group, Inc.**, was originally approved on June 15, 2001 for the Cattle Genetics Improvement Program in Daviess County. The applicant is requesting a decrease in project funds of \$40,000. This amount is to be reallocated to A2001-0476. Approval of this request will amend funds allocated to his project to \$39,800. Mr. Hack moved that this amendment be approved; Mr. Mitchell seconded the motion. The motion passed without dissent.

Application **A2001-0476, Green River Area Beef Improvement Group, Inc.**, was originally approved on August 17, 2001 for the Cattle Handling Facilities Program in Daviess County. The applicant is requesting an increase in project funds of \$40,000. This amount is to be reallocated from A2001-0288. Approval of this request will amend funds allocated to the project to \$86,040. Mr. Hack moved that this amendment be approved; Ms. Harkins seconded the motion. The motion passed without dissent.

Mr. Hack presented a memorandum from David Bratcher regarding the Kentucky Horticulture Council. In their original application the Department of Agriculture (KDA) would be responsible for establishing a Produce Marketing Federation among all of the fruit and vegetable producers in the state. KDA and the Horticulture Council have

concluded that this task can best be performed by the Kentucky Center for Cooperative Development. The Horticulture Council requests approval to modify the project budget and agreement to reflect a transfer of funds and responsibility from the KDA to KCCD in the following amounts:

Year 1: \$78,750

Year 2: \$80,663

If approved, then the Council will enter into an agreement with KCCD to develop the Produce Federation. Mike Slaughter moved to approve this request; Susan Harkins seconded the motion. The motion passed without dissent. *(A copy of the memorandum is on file with the Secretary.)*

### **Recommendations for No-Funding<sup>3</sup>**

Mr. Hack presented projects A2001-0184, A2001-0708, A2001-0727, A2001-0876, A2001-0880, A2002-0044, A2002-0230, A2002-0276, A2002-0283, A2002-0301, A2002-0314, A2002-0429, A2002-0482, A2002-0504, and A2002-0505 as projects recommended for no-funding by the project review committees.

Ms. Harkins noted that she disagrees with one of the projects being on the list, A2002-0504 Licking River Valley RC&D, Inc. and stated reasons why. Mr. Sellers echoed her concerns.

Commissioner Smith commented that maybe this is one of those projects better suited to federal funding opportunities. Mr. Hack noted that Congressman Lucas indicated that there were no current appropriations available, but that they were looking into the possibility.

Mr. Hack moved that no funding be awarded to same; [inaudible] seconded the motion. The motion passed without dissent.

### **Other Business**

Commissioner Smith noted that KDA has been working in the last several months on marketing potential, infrastructure, advertising & promotion, and working with the marketing study RFPs. KDA is close to presenting to the Board a strategic long-range marketing plan for consideration in November.

Mr. Hack passed out balance sheets and pointed out that figures were updated as of today's decisions. Mr. Hack noted that the line dated 9/20/02 under the "State Funds" column reflects today's state fund approvals minus an award not accepted by Kentucky Starr, LLC. Additionally, on the same line in the "County Funds" column, the amount reflects today's county fund approvals minus an award not accepted by the Butler County Aquaculture group. Mr. Hack also clarified that "Available Balance Fiscal Year

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<sup>3</sup> Detailed list of projects for a no-funding recommendation listed in Appendix C.

'03" was available funds, but not necessarily cash-on-hand and that the fiscal year ends June 30, 2003.

### **Closing Remarks**

Commissioner Smith thanked everyone for coming.

The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 a.m. on Friday, October 18, 2002 at Kentucky History Center, Frankfort. Note that the time and location of the meeting is subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 5:12 p.m.

**APPROVED:** \_\_\_\_\_

**PRESIDING OFFICER:** \_\_\_\_\_

**SECRETARY:** \_\_\_\_\_

## APPENDIX A: *Referred to Project Review*

### Applications A2002-0527 to A2002-0566

Appl #	Project Name	Project Type
A2002-0527	Kentucky FFA Leadership Training Center	Project
A2002-0528	Bracken County Agricultural Advancement Council, Inc.	Project
A2002-0529	Mountain Cattlemen Association	Agricultural Diversification
A2002-0530	Mountain Cattlemen Association	Handling Facilities Cost Share
A2002-0531	Mountain Cattlemen Association	Genetics Improvement
A2002-0532	Green River Area Beef Improvement Group, Inc.	Genetics Improvement
A2002-0533	Green River Area Beef Improvement Group, Inc.	Forage Improvement
A2002-0534	Green River Area Beef Improvement Group, Inc.	Handling Facilities Cost Share
A2002-0535	Breckinridge County FFA	Project
A2002-0536	Christian Way Farm	Project
A2002-0537	Allen County Conservation District	Project
A2002-0538	Jackson Purchase Foundation, Inc.	Genetics Improvement
A2002-0539	Owen County Agricultural Development Board	Forage Improvement
A2002-0540	Owen County Agricultural Development Board	Handling Facilities Cost Share
A2002-0541	Owen County Agricultural Development Board	Genetics Improvement
A2002-0542	Tri-County Beef Marketing Association	Genetics Improvement
A2002-0543	Breckinridge County Cattleman's Association	Project
A2002-0544	Lee County Conservation District	Forage Improvement
A2002-0545	Nicholas County Fiscal Court	Handling Facilities Cost Share
A2002-0546	Shady Lane Poultry Farm, Inc.	Project
A2002-0547	Cartersville Slaughter and Processing Plant, Inc.	Project
A2002-0548	Lincoln County Goat & Sheep Producers	Project
A2002-0549	Cartersville Slaughter and Processing Plant, Inc.	Project

**APPENIDIX A: *Referred to Project Review***

<b>Appl #</b>	<b>Project Name</b>	<b>Project Type</b>
A2002-0550	Hawk Crest Farms, Ltd.	Project
A2002-0551	Harrison County Beef Cattle Association	Project
A2002-0552	Barren County Cattlemen's Association	Handling Facilities Cost Share
A2002-0553	Hardin County Beef Cattle Association	Genetics Improvement
A2002-0554	Hardin County Beef Cattle Association	Forage Improvement
A2002-0555	Hardin County Beef Cattle Association	Handling Facilities Cost Share
A2002-0556	Carter County Conservation District	Forage Improvement
A2002-0557	Kentucky Poultry Growers Cooperative, Inc.	Project
A2002-0558	Breckinridge County Farm Bureau	Project
A2002-0559	Breckinridge County Beef Improvement Council	Forage Improvement
A2002-0560	Breckinridge County Ag. Diversification Council	Agricultural Diversification
A2002-0561	Kentucky Natural Resources Leadership Institute	Project
A2002-0562	Naprogenix, Inc.	Project
A2002-0563	Kentucky Office for the New Economy	Project
A2002-0564	Foothills Goat Association, Inc.	Goat Diversification Program
A2002-0565	Foothills Goat Association, Inc.	Goat Diversification Program
A2002-0566	Foothills Goat Association, Inc.	Goat Diversification Program



## APPENIDIX B: *Model Program Lists*

### Agricultural Diversification

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>County Funds</i>
A2002-0520	Marshall County Conservation District	Marshall	\$10,000.00
			<b>\$10,000.00</b>

### Forage Improvement & Utilization

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>County Funds</i>
A2002-0511	Garrard County Conservation District	Garrard	\$10,500.00
A2002-0544	Lee County Conservation District	Lee	\$20,600.00
A2002-0518	Marshall County Conservation District	Marshall	\$28,000.00
A2002-0501	Owen County Farm Bureau	Owen	\$100,000.00
			<b>\$159,100.00</b>

### Genetics Improvement

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>County Funds</i>
A2002-0517	Marshall County Conservation District	Marshall	\$1,250.00
A2002-0503	Owen County Farm Bureau	Owen	\$20,000.00
A2002-0542	Tri-County Beef Marketing Association	Wayne	\$3,000.00
			<b>\$24,250.00</b>

## APPENIDIX B: *Model Program Lists*

### Goat Diversification Program

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>County Funds</i>
A2002-0434	Buffalo Trace Area Development District	Fleming	\$40,000.00
A2002-0526	Northern Kentucky Meat Goat Association	Kenton	\$35,000.00
			<b>\$75,000.00</b>

### Handling Facilities Cost Share

<i>App #</i>	<i>Project Name</i>	<i>County</i>	<i>County Funds</i>
A2002-0512	Carroll Co. Agriculture Development Fund, Inc.	Carroll	\$47,000.00
A2002-0510	Harrison County Beef Cattle Association	Harrison	\$100,000.00
A2002-0516	Laurel County Cattleman's Association	Laurel	\$41,000.00
A2002-0502	Owen County Farm Bureau	Owen	\$100,000.00
A2002-0519	Southern Kentucky Agriculture Development	Rockcastle	\$25,000.00
			<b>\$313,000.00</b>

**APPENIDIX C: *Recommendations for No Funding***

<b><i>App #</i></b>	<b><i>Project Name</i></b>	<b><i>County</i></b>
A2001-0184	John, Dorthy, Maria, Clay, and Hannah Contini	Garrard
A2001-0708	Farm Resource Center	Pulaski
A2001-0727	The Grape Industry Advisory Committee	Franklin
A2001-0876	FFA Alumni Association	Jessamine
A2001-0880	The Bluegrass Heritage Museum	Clark
A2002-0044	Community Ventures Corporation	Fayette
A2002-0230	Warren County 4-H Council	Warren
A2002-0276	Robertson County Board Of Education	Robertson
A2002-0283	Breckinridge County Farm Bureau	Breckinridge
A2002-0301	Progressive Beef, LLC	Todd
A2002-0314	Jessamine County Beef Cattle Assoc.	Jessamine
A2002-0429	Kentucky Sweet Sorghum Producers And Processors Association	Fayette
A2002-0482	Apollo Ag. Department	Daviess
A2002-0504	Licking River Valley RC & D Council, Inc.	Harrison
A2002-0505	Brooksville Meat Fabrication Center, Inc.	Bracken